512 They turn in to sleep around 10:00 or 11:00 at night. Outside the season, the wake-up time is around 6:00 o'clock in the morning and bed-time is earlier: 7:00-8:00 P.M.

527 The holiday routine offers more relaxation and diversity. Some work around the house is done in the morning, after which the peasants don their best costumes and go to church. The divine services generally begin at 10:00 A.M. After church the men group on the streets and "talk politics" while the women rush home to prepare lunch. The afternoon begins with a siesta for a couple of hours, and then come some social activities: people visit each other, the men go to the tavern, and the women sit on their porches or in front of their houses. Girls walk along the streets in groups, often arm-in-arm, while young men stand around in groups and watch them. Later in the evening they may dance.

461 The attitude of the Magyar peasants toward work is in general a positive one. Their existence and activity are strictly regulated by the seasonal changes, which do not permit vacations or holidays except those set aside by tradition and religion. Their living standards, low as they are today, do not permit relaxation even in the winter months, for they have to create the commodities they use in their

homes. Many of them would perhaps buy these commodities today if the purchasing power of their products would permit them to do so. The existence of their elders and forefathers was not a bit easier either; hard work and rare leisure is, as they believe, their natural inheritance, and, as long as this hard work provides their livelihood, they do not think of revolting against it. 461

The Hungarian peasants are extremely hospitable and live a gregarious social life. Among the many customs connected with receiving and entertaining, the few selected below are only random examples: 574 576

Guests, after entering the courtyard, do not knock on the door but wait until they are noticed and invited to enter. The men shake hands. The guest is then offered a choice seat in the main living room, which is generally the one opposite the door. Each drink consumed during the visit must be toasted to someone's health. Upon leaving, the guest is accompanied by the host to a distance determined by the prestige and position of the visitor.

During the winter months, the women assemble in the evening to do handwork or spinning. This is always an occasion to tell tales, jokes, to sing and to play games. 462 221

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The actual living standard, although [illegible] lower than 511
in any peace-time year before World War II, is not so low as to cause general unrest. The Hungarian economy, however, [illegible] on a precarious foundation and a poor crop year can ~~[illegible]~~ BRING the living standard down considerably below normal. This was the case in 1953 when the Berlin rioting and the unrest resulting from a widespread drop in agricultural and industrial production forced the Communists to introduce the "New Course" and to shift the economic stress from heavy industry to consumer goods.

Delinquency, begging and vagabondage are practically non- 735
existent in Hungary, or at least they are not noticeable because the 738
police are carefully rounding up those who seem to have nothing to do and putting them to work on various public projects. No reliable
figures on criminality are available. Judging from the court columns 687
appearing in the daily newspapers, however, one gets the impression than "crimes against socialist property" are quite frequent--the pilfering of materials or, more seldom, tools, from the workshops, and fraud in the administration of socialized industrial or agricultural
concerns. Articles thundering against the workers' tardiness or fail- [461]
ure to deliver grain are another commonplace in the newspapers.

The poverty of the country prevents the development of 000

000 Our backs ache. Our whole body aches. By the afternoon we are all a bit dizzy. This is the reason why we should like to put on some more weight.

And naturally we are constantly hungry. Our muscles hurt, the sweat runs down in rivulets and carves little sun-scorched ravines on the back of our necks.

Of course most of us are not aware that the aching of our bodies and the emptiness of our bellies is something peculiar. We have been used to this for thousands of years. We only start thinking about it now that we talk about it, you understand.

512 Well, our days are not very interesting. From dawn till dusk we work in the fields.

Then we go home, to tend the cattle, to clean and feed, to store away and to prepare. Our work is less in winter. Then the animals have to be fed only twice a day; in summer three times.

This work in the stables generally begins at seven in the evening; in winter sometimes earlier. Then the estate management allots the work for the next day. We wait for our orders, and when we have got them we go slowly back to our huts behind the stables.

[461] We are slow. We are tired and ill. We generally work, as you have seen, from two or three in the morning till nine or ten at night. According to the laws now regulating our lives, we have no holidays. If you work about eighteen hours a day, seven days a week; if you work always, year in, year out—well, then you become like us: slow and tired.

The work of the *csiras*—those who tend the cows—is the hardest. Generally, after four years, hard work, and the heavy manure-atmosphere of the stables, destroy the lungs of the *csiras*. If a *csiras* is lucky, he gets away before he starts to spit blood. But many stay, become wrecks, and go to the villages to live by begging.

627 Our lords, the estate-managers and their assistants, when they curse us, say that we are like animals. They treat us as such. According to a new law we are not supposed to be given corporal punishment above the age of eighteen. According to the law, the estate servants between twelve and eighteen may be hit, but in such a way "as not to cause a wound which does not heal within eight days". We have the right to go to the village doctor and get a document stating that we have received a wound which will not heal in eight days. But the village is far away, and we are not permitted to leave the estate—save, on some estates, on every second Sunday, when we have the morning off for church. So this law about a wound caused by corporal punishment does not help us much.

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maintained, but, as a result of reparations, the Government continued to be the greatest customer of industry. Hungary's economy, moreover, was directly affected by the growing influence of the Soviet Union, whose claim to take possession of all former German property in the country had been recognized at Potsdam. Owing to the decision taken at Potsdam, and the extremely arbitrary interpretation of the agreement by the Russian occupation authorities, Moscow obtained a foothold in Hungarian banking, insurance, Danubian navigation, and coal mining, as well as in numerous engineering, chemical, and textile enterprises. Her influence was further strengthened by an agreement to set up joint Russian-Hungarian companies. This was signed early in 1946, and, when subsequently implemented, secured to the Soviet Union a practical monopoly of air and river traffic and of aluminium production.

Private enterprise was naturally confronted with fundamentally changed political conditions. Up to 1945 the semi-feudal structure of society, with the great landlords in control and with industrial and financial interests exercising a strong influence on the course of economic policy, had not entirely vanished, though since the thirties, this influence had been undermined by the growing pressure of the demagogic petty-bourgeois supporters of fascism. As from 1945, however, with the old landowner class disappearing as an economic and political factor, there was a complete shift of the centre of gravity in politics.

Although in 1946–7 indications were not lacking as to whither the road might lead, it did not yet seem definitely decided that everything having affinity with the Western pattern of life was to be suppressed in Hungary. The country was governed by a coalition based on democratic elections. Communist influence was, of course, stronger than was justified by the numerical importance of the party, for the party enjoyed the support of the occupying Power. At the outset, however, the Communists were not altogether uncooperative. Only in the spring of 1947, when the first so-called conspiracy was discovered, did they reveal what methods they were ready to employ to reduce the role of their partners within the coalition to a sham.

Once the agrarian reform of 1945 was adopted, the Communist leaders gave repeated assurances that the private ownership of land would thenceforth be respected. The peasants spared no effort to produce maximum results, despite conditions unfavourable for regular farmwork. The industrialists also appeared ready to play their part in reconstruction, and were

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eager both to reconstruct their plants and to restore their former international connexions. At that time it did not yet seem dangerous either for business men or for politicians to cultivate Western contacts.

As to the structure of Hungarian society, roughly half of the population was before the war dependent on agriculture, one-quarter was engaged in mining, manufactures, and handicrafts, and about 10 per cent in commerce, banking, and communications.[1] Under the impact of post-war developments important changes took place within the various social groups. Yet the proportion of agricultural population had hardly changed to an appreciable extent until 1947.[2]

The structure of agriculture had been radically changed by the land reform of 1945 which limited agricultural holdings to the size of 100 and in certain defined cases to 200 yokes (140–280 acres). Some 1,500 big and mammoth estates and a considerable number of medium-sized holdings (200 to 1,000 yokes), roughly 30 per cent of the cultivated area, were transformed into small units. Property was assigned to 370,000 landless labourers while some 270,000 dwarf lots were enlarged.

The dislocation consequent on this sudden change in structure was not overcome during the two years that elapsed between the land reform and the Three-year Plan of 1947. The process of implementing the reform by providing the new farmers with the requisites for the economic cultivation of their holdings, was at its very initial stage. Some expedients of mutual assistance among the farmers were evolved to meet the shortage of machinery and draught animals. The lack of livestock was an aftermath of the war, stock-raising being the part of the economy which had suffered most heavily from the war. Animal husbandry had been a fairly well developed branch of farming in pre-war Hungary. It was mainly due to this fact permitting a more plentiful use of manure that average yields per acre in agriculture were higher than in other countries of South-eastern Europe. Reduced livestock, the reconstitution of which could but be gradual, meant lower agricultural output, and the insufficient supply of implements and machinery caused a setback in the mechanization of agriculture, which, in any case, in view of cheap labour, had made little progress even before the war.

In manufacturing industry new forms of industrial relations in public and private concerns had to be adopted. The position of the trade unions was substantially strengthened. Collective

[1] See further details on the census of 1941 in the Appendix, Table II.

[2] The first post-war census applies to the end of 1948. No figures were released, however, except some details on small-scale industry and commerce.

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to apply stricter principles of selection, especially in regard to the maturity of bills discounted. Though in both cases only temporary success could be achieved, the Government managed to demonstrate that not only upward movements but also setbacks in commodity prices and in exchange rates on the black market might occur. This proved to be sufficient to stave off an inflationary disposition. The effects of the uneasy balance established were not far-reaching enough to stimulate saving and accumulation of capital in the form of money. It was not monetary developments, however, that primarily impaired private savings, but much rather the extremely low level of incomes and the lack of political confidence on the part of the limited number of persons with higher incomes. Yet the currency created by the reform of August 1946 performed its functions as a medium of exchange satisfactorily. No doubt inflationary pressure was present in 1946–7 as well as later on, more intensely in the event of poor crops and less so when food supplies were adequate.

Summing up, the monetary reform did not succeed in creating a completely stable currency. But it did end a period of fantastic inflationary excesses by establishing a financial system kept under control, and it presented the planners with an instrument which, though far from perfect, was nevertheless useful enough for their purpose. A basis for economic calculation was created, though in the case of long-term plans allowance had still to be made for changes in the price level. Last but not least, the new monetary system, though incomplete when measured by the stricter standards of economic theory, was, after the experience of the past, appreciated by the workers and the peasants. Beyond doubt the new currency contributed to the improvement of labour productivity. Thus the measures carried through in the field of finance in 1946–7 were with good reason regarded as a preparatory step for the introduction of a planned economy.

A NEW PRICE STRUCTURE—DEFICIENT CONTROLS

In view of acute shortages, the fabric of the economic control introduced during the war was maintained in post-war Hungary. Exchange regulations were coupled with a system of import quotas. The supply of raw materials, whether foreign or domestic, was allocated among users by the authorities. In 1946–7 rationing comprised all important sorts of food and certain other products like domestic fuel and soap. But, with supplies quite inadequate, food rations were fixed at levels covering

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and Plan fulfilment mean less in terms of the satisfaction of human needs than they pretend. And even if it be admitted that the preliminary forecast was fulfilled or a little more than fulfilled in so far as quantities were concerned, there were other lines of fundamental importance in which a deficiency was revealed. The labour force which was required for maintaining industrial production on the scale intended appreciably exceeded what had been anticipated. It was expected, according to the programme, to be able to double industrial output through a 30 per cent increase in the average number employed. This expectation might, at first sight, appear over sanguine. It took account, however, of the extremely low productivity of labour before the start of the Plan, and it also relied on the effects of an improved and largely extended capital equipment. At the closing stage the Minister responsible for planning announced that the Plan provided employment for 200,000 work-people in addition to those previously engaged in manufacturing industry. In 1946–7 on an average 250,000 workers were engaged in manufactures. An increase of 200,000 would amount to a labour force of 450,000 in manufactures by the end of 1949. The Ministerial announcement appears to be an overstatement in the light of statistical evidence as released in the successive publications of the National Planning Department. These figures reveal some 415,000 employed in manufactures and about 70,000 in mining at the close of the Three-year Plan. The yearly averages for 1949 (derived from quarterly data) run as follows:

	Manufactures	*Mining and Metallurgy*
1946–7	250,000	59,000
1947–8	291,000	61,000
1949	382,000	67,000
increase against 1946–7	132,000	8,000
in percentages	53	13·5

Average employment in mining and manufactures in 1949 amounted, therefore, to roughly 450,000, in contrast to a planned employment of about 400,000 (310,000 increased by 30 per cent). This appears to be a 12 per cent excess of employment over the estimate. The general index of industrial production for 1949—135 compared with the estimate of 127 (based on 1938 = 100)—indicates an over-fulfilment by 6 per cent. But while the employment figure is real, the general index of production is unreliable. Though statistical errors may work in both directions, the differences in quality easily absorb more than the apparent increase of 6 per cent.

During the closing year of the Plan assiduous efforts were made to raise efficiency. The ground had been prepared by the

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433 previous introduction of piece-work on the most extensive scale
461 possible. But a laxity in the calculation of the norms stood in the way of satisfactory results. At the beginning of 1949 a new attempt was made to suppress abuses connected with the norms by strengthening discipline. A new basic collective agreement was concluded, comprising all workers in mining and manufactures. In the wording of an official announcement, it aimed at making latent resources of production available through getting rid of obsolete norms. The working out of new norms was to be supported by the devices of Stachanovism, i.e. by the instrumentality of 'shock-workers', named after the first 'hero of work' in Soviet-Russia under whose name this method of raising productivity was started. Nevertheless productivity in manufactures, as recorded officially, declined during the first half of 1949. Renewed efforts were then made. A resolution of the Communist Party called upon the trade unions and works councils to concentrate their activities on issues of productivity and labour discipline. A huge propaganda campaign was launched in order to create a mass movement of socialist workers' emulation. By the end of 1949 almost half of the work-people were engaged, according to official records, in this kind of rivalry. All that was attained as a result of the struggle to raise productivity apparently consisted in making up the setback suffered during the first half of the year.

INCREASING FOOD SUPPLIES AND THE COST OF LIVING

241
433 During the years preceding the Plan, agricultural developments were marked by extremely poor harvests. Yields in 1948 might be appreciated as a stride towards restoring normality in agricultural production. The harvest of bread grains was still about 20 per cent below the pre-war average, but those of maize and root crops were well above it.

	Average 1934–8	*1946–7*	*1947–8*
		Crops in million quintals	
Wheat	22·2	12·6	15·8
Rye	7·0	5·6	7·2
Barley	6·1	4·0	7·1
Maize	23·0	17·8	29·6
Potatoes	21·3	14·6	23·3
Sugar-beet	9·6	11·6	15·9

Regarding the harvest of 1948–9 it was officially stated that the wheat, rye, and barley crops exceeded the yield of the preceding year by 25 per cent. This 'statistical' information might suggest that in this sector of agricultural production pre-war levels were almost attained, implying the disappearance of a

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433 adjusted to the shortages of raw materials. In the absence of
[464] unemployment relief, the enterprises had to retain their workers irrespective of the enforced reduction of output. A considerable disguised or 'in-door' unemployment existed therefore in 1946–7. As a result of this kind of unemployment, a more plentiful and regular inflow of raw materials produced an apparent increase in productivity per head, because all the workers registered as employed were doing productive work. To the extent that this occurred, the improvement in productivity during 1947–8 cannot be claimed as a success of planning. It would no less have been brought about by any form of general economic recovery which ensured a more ample supply of raw materials. Increasing production, whatever the explanation, assisted the reduction of costs; and improvements in technical equipment worked in the same direction. These factors given, the decisive questions were to what extent managements were able to avail themselves of the opportunities offered, and how labour reacted. The answers depended on factory organization on the one hand and labour discipline on the other; and especially on a system of wages, calculated to relate wage costs to efficiency.

461 The main line of attack was recognized early enough. A steady pressure had been exerted since 1946–7 to introduce piece-work wherever it was technically feasible. Yet expectations in this respect were not realized. The workers did not agree with the methods applied, and they found ways, by pressure exerted in the workshops, to evade the norms fixed in collective agreements which had to be repeatedly revised. Under that pressure piece-rates were not fairly applied or were not correctly recorded. These practices involved higher earnings without an adequate increase in production. The managements mostly complied with the intentions of the workers.

Then the support of the trade unions was invoked, and, to enable them to fulfil their new function, they were reorganized according to industrial branches. In spite of all the efforts made, the terms of the collective wage agreements did not prove tight enough to prevent the manipulating of the norms.[1] The main motive of the resistance of the work-people against the proper handling of piece-rates was by no means political. Yet it was at the same time an expression of the fact that the rank and file of the workers did not identify themselves with the regime.

The enforcement of piece-work was coupled with a variety of devices to supplement the basic incentive. Steeply increasing premiums were awarded for achievements surpassing the stan-

[1] As pointed out in Chapter VII.

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dard norm. Soviet Stachanovite practices were transplanted to Hungarian industry. Press and party assemblies and, in fact, the whole country resounded with the propaganda in favour of workers' competition. The drive was extended from the factories to agriculture, to distributive businesses, and to offices. Besides individual contests thousands of workers' brigades were formed and soon shock-workers and shock-plants emerged, all of them serving the single purpose of giving support to a revision of the basic norms.

Besides these technical devices for raising efficiency there were also psychological methods. The special attention very generally given to innovations initiated by workers was only one part of the effort to capture the workman's interest in the results of his own work, as well as in the whole process of production. Serious attempts were made to improve the workers' understanding of the connexion between their achievements and those of the whole factory. It was under this aspect that the discussions of production and investment plans with the workers were insisted upon. Minutes on these discussions had to be submitted by the individual concerns to the Planning Department, together with their production and investment plans.

Incentives were provided for good management, and for the co-operation of work-people and higher grades in promoting efficiency. In such cases the authorities insisted on distributing the reward among the managers, technicians, and workers directly concerned, instead of spreading the premium over the whole plant. Further, steps were taken to encourage increases in profits. Public enterprises, which succeeded in delivering surplus to the Treasury up to the required level, were allowed to use 5 per cent of it for the benefit of their employees. If excess profits were achieved through economies, up to 20 per cent of the excess was put at the disposal of the enterprise. Instructions had been given that 40 per cent of these bonuses should be distributed in the form of individual rewards, while 60 per cent were reserved for the social institutions of the concerns.

In considering industrial efficiency, the implications of the radical reorganization of industry as a consequence of the transfer to public ownership should be taken into account. As already mentioned (p. 87) steps were taken towards a better division of labour in engineering and other industries. At an early stage specialization was furthered by concentrating the production of tractors, lorries, machine tools, and agricultural implements in separate units. The National Bank claimed in its Bulletin[1] that the public enterprises had made progress in the

[1] February 1949.

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discharge of a chief accountant was permissible only with the the consent of the competent Minister.

This method of dual control, which under normal conditions is a useful expedient for financial supervision, proves less efficient in an atmosphere full of suspicion, under the continuing threat of purges. The measure aggravated the prevalent tendency to shirk responsibility, which became a serious impediment in the management of enterprises. Delayed decisions obstructed adjustments. The bureaucratic methods of conducting business hampered exports.

Consequent on the efforts to reach the production quotas, or possibly to exceed them, emphasis was placed on quantitative results. The enforced acceleration of the pace of work in the labour contests was not conducive to maintaining the quality of products. The policy of encouraging lower-grade technical improvements within the workshop threw the importance of more substantial inventions, such as might effect improvements of quality, into the shade. The authorities did make efforts to encourage industrial research. But the attention of industrial executives, in particular of the new managers recruited from the workers' class, was centred on the workers' innovations. Remedial measures were tardily taken. It was only in November 1949 that a decree was issued on the establishment of committees for supervision of quality in the factories. At the same time the decree provided for training courses for the supervision of quality in the various sectors of light industry.

In summing up the results of these exertions,[1] we are faced with a question which has been the subject of much controversy with labour, the productivity per head in industry. Taking the volume of output per man-hour as a basis, the Planning Department stated that, compared with 1946–7, productivity in manufacturing industry had risen 25 per cent during the first Plan year. The Department claimed at the same time that during 1947–8 productivity per head had attained (on an average) 86 per cent of the pre-war level. In the course of the second short Plan period productivity improved, as it seems, slowly, attaining in December 1948 about 96 per cent of the pre-war level.

The Report of the Planning Department on the first half of 1949 stated that during this period improvement was unsatisfactory, the level of productivity being in June 4 per cent below that of the last five months of 1948. (The productivity level during these months was at an average slightly over 90 per cent of pre-war).

[1] According to press reports hundreds of thousands of workers were involved in the labour contests in the autumn of 1949.

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461 Unsatisfactory developments were underlined in a mass meeting held in August 1949. Responsible political and trade-union leaders, addressing this meeting, reproached the workers bitterly for their declining efforts in spite of increasing wages. Practices, including go-slow in order to enforce the modification of piece-work norms, were condemned. These practices resulted, as the leaders complained, in the falling-off of the productivity of labour.

433 The Planning Department reported then on the third quarter of 1949 (without mentioning figures) that productivity had greatly improved after the summer vacations, i.e. after August.

The planners made a point of comparing results with those of 1938 so as to illustrate progress in terms of peace-time achievements. According to their original estimates, production in manufactures was expected to exceed output in the last pre-war year by 27 per cent (and in mining by 34 per cent), while the increase over that year in the industrial labour force was expected to be 25 per cent. It would seem therefore that they planned a re-establishment of the pre-war standard of labour productivity.

Industrial production attained, as stated by the National Planning Department, 135 per cent of the pre-war volume during the first nine months of 1949. In December of that year the Minister for Economic Co-ordination, when submitting the bill on the Five-year Plan to Parliament, declared that industrial output had by then surpassed the pre-war volume by 40 per cent. This result in the last month of the year could but slightly modify the three-quarters average of 135, and is far from substantiating the claim for a much higher achievement raised a few weeks later.

None the less the Final Report on the Three-year Plan (in the form of a communiqué of the Planning Department, released for the press) quotes some astonishing figures on industrial production and productivity. It is claimed that the programmes set for production in mining and manufactures were surpassed by about 20 per cent, so that the pre-war level of production was exceeded by 53 per cent. This claim includes that productivity of labour would have improved by 25 per cent in the closing Plan period, attaining thus 120 per cent of the pre-war standard. The figures presented in the Final Report are not reconcilable with the authoritative and official statements which were made in the consecutive stages of the Plan up to its closing period.

With the claim of a sudden rise in productivity per head a revised schedule on the improvement of productivity over the

3 [in productivity--Analyst]

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The poor result is the more remarkable as much attention was given to the mechanization of the coal mines.[1]

On all these grounds put forward the claim has to be dismissed that subsequent to the Plan period a substantial addition to the output as recorded previously would have been discovered, entailing a most impressive improvement in productivity. A scrutiny of the facts indicates that the revision of the earlier figures did not result from the elimination of some statistical errors, but was a piece of political propaganda.

Developments during 1949 widened the gap between the cost and the productivity of labour. It was officially stated that average hourly wages in manufactures rose between January 1947 and December 1948 by 86 per cent. For the first half of 1949 a further 20 per cent rise was announced. Taking the figure for January 1947 as representing the average wage for 1946–7 (an assumption not quite correct, yet near the facts), in 1949 wage costs were roughly 120 per cent higher than in the basic year. Productivity in manufactures rose from about 69 in 1946–7 (1938 = 100) to 96 per cent by the end of 1948. As pointed out, further development of productivity was, if any, only slight, so that a rise of some 50 per cent in productivity compared with a 120 per cent rise in wages. While this kind of overall figure is far from providing a precise yard-stick, it does point to the existence of a considerable maladjustment between wage costs and productivity of labour. As it seems, the growth of wage costs has outstripped the cost-saving effects of greater labour efficiency. Improvements of the social services contributed to augment labour costs. According to a trade-union expert the outlay for health service and social insurance per head doubled in the first Plan year, and the final report of the National Planning Department says that the whole cost of social services in 1949 was met by employers' contributions amounting to 38 per cent of the pay-roll. There were no workers' contributions in the form of deductions from wages.

Labour costs evidently presented the main problem, but by no means the only one. In dealing with the costs of production, the head of the National Planning Department complained of the use of quantities of fuel and materials well above peace-time levels, and of the very little economy attained in this respect during the first Plan year. A matter of serious concern was the high rate of waste. In heavy industry it exceeded the pre-war

[1] In the first year of the Plan 110 million forint were spent on the re-equipment and extension of coal mining (total industrial investment including mining 792 million). For the later phases no figures are available, yet it was officially stressed that much had been done towards mechanization.

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level by about 50 per cent.[1] It had originally been caused by unsatisfactory labour discipline, but a further deterioration was brought about by the speeding up which the labour contests induced. In a number of cases the increase of waste was an unmistakable sign of sabotage. Thus the problem of waste became one of national importance, and the necessity to deal with it was stressed again and again in the propaganda for raising productivity.

The intense efforts concentrated on this issue show that the question of productivity was felt to be one of the vulnerable points in the execution of the Plan.

MAN-POWER POLICY

The Three-year Plan was not designed to bring about full utilization of resources. Its natural effect was to raise the labour force in industry, but it did not look forward to the absorption of the entire available man-power reserves. It was not calculated to abolish altogether the chronic state of under-employment, which had been an outstanding characteristic of economic and social conditions in pre-war Hungary. Expanding industry was allowed to draw upon the man-power reserve through the mechanism of demand, as in the past. During the years between the two wars rural labour reserves were steadily attracted by industrialization, but the process was very slow in reducing the prevailing under-employment. Under the Plan the process of absorption was considerably speeded up.

In the absence of any comprehensive statistics on unemployment in Hungary, no official statement is available as to the size of the man-power reserve. The trade unions registered unemployment in industry, but there were no records regarding the main contingent of idle man-power, i.e. in agriculture.[2]

The only systematic approach to an estimate of agricultural under-employment is related to the year 1930.[3] In carrying out the inquiry, the amount of work required for the different

[1] Information leaked out on the unusually high rate of waste in some industries during the first half of 1949. In a foundry in Budapest, which had previously achieved outstanding performances, the waste was reported to have surpassed 6 and during one month even 9 per cent, compared with a pre-war figure of 2-3 per cent. In the whole of the weaving industry the waste fluctuated between 3 and 5·6 per cent; it attained in some of the factories 6 and, in exceptional cases, even 10 per cent.

[2] Had there been an unemployment insurance scheme, the numbers of those who qualified for benefit would have been recorded, but even so not the numbers of peasants whose efforts were incompletely occupied.

[3] Dr M. Matolcsy, *A mezőgazdasági munkanélküliség Magyarországon* (Unemployment in Hungarian Agriculture, Budapest, Hungarian Institute for Economic Research, 1933).

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656 433 times found a solution in forced sales to merchant firms which had command of capital. These firms again were able to assist in relieving the difficulties of publicly-owned concerns by taking over, at a sacrifice of price, stocks which had accumulated to excess in consequence of delay in adaptation to unexpected shifts in consumption.

[442] This safety valve for the planned sector disappeared in the second phase of the Three-year Plan as soon as wholesale trade was transferred to public ownership. The methods of operating the Plan and the entire economy became more rigid than before. The activities of wholesale trade were assigned to a limited number of monopolistic trading companies, each of them concerned with the products of a branch of industry, or a complex group of agricultural produce. The sales departments of the manufacturing concerns were merged with their respective trading companies, following the principle (almost made into a dogma) that manufacturing and trading activities should be separated. All these changes involved a bureaucratic spirit in trading.

461 433 The rigidity of the system was aggravated by a personal factor, which is inherent in an order of strict centralization, the shirking of responsibility on the part of executives. Another unceasing difficulty in the way of prompt adjustments of production was the scantiness of reserves of raw materials, semi-finished products, and spare parts. All these reserves were extremely low when the Plan was started, and though the worst gaps were soon filled up, it was hard to keep pace, all along the line, with the requirements of a rapidly-expanding production.

In spite of all these frictions and obstacles production was forced up. It was a grim determination which helped the planners to overcome difficulties. But their production drive owed its success to a considerable extent to the fact that shortcomings due to misconceptions or failures in calculation could be counterbalanced by drawing on unutilized reserves of manpower.

12 ECONOMIC PLANNING IN HUNGARY SINCE 1938

471 For a while there were signs of rivalry between the Planning Office and the Supreme Economic Council, also a Communist-controlled body, which ended in the victory of the council. However, in 1949 the council was abolished, its staff was detailed to various ministries and government agencies, while its policy-making functions were transferred to a newly-created People's Economic Council, representing the major parties of the National Front of Independence under the chairmanship of a very powerful Communist Minister of State. The council counts several cabinet ministers among its members but is not a subcommittee of the Council of Ministers. It decides economic policy at the highest level and is the highest authority in matters of planning.

[687] When the plan was embodied in law, the government was authorized to issue all decrees necessary for the execution of the plan. Contravention of these decrees and, in general, obstruction to executing the plan were made a crime liable to severe punishment, even death in the case of serious sabotage. The punitive measures were later reinforced. Besides the statutory instruments of control, the government had other means to enforce the plan. Through successive nationalizations, the government became by far the most important single employer and its powers of black-listing were enormous. Besides, a general system of licenses restricted to a minimum free economic activity of any sort. Extension of this permit system to the purchase and lease of agricultural land made the system watertight.

[467] The party-dominated trade-unions and works councils were also important instruments of control. They were active in enforcing discipline, increasing output, and reducing costs, in marked contrast to their role in prenationalization and pre-plan days. Their control of the labor exchanges gave them complete power over workers of all grades as nobody could accept a work contract without the endorsement of the trade-unions.

471 An effective instrument to increase individual and collective
461 output was the sharply graded piece-rate system with its constantly raised standards of output. Competitions were organized between different establishments and between departments of the same establishment with prizes and privileges awarded to the winners. The foundations were laid for the Hungarian Stakhanovite movement. Considerable material and social privileges were granted to the winning shock-workers who were then obliged to instruct their fellow workers in an effort to speed up production. The record output, achieved under special

conditions, was then used as an excuse for raising the "obsolete" output rates. In addition, every suitable occasion was used for the organization of special drives which, as the dates and the occasions were political (e.g. Day of Liberation, Stalin's birthday, etc.), made it easy to brand those who failed to improve their output as reactionaries and saboteurs. A more spectacular, if not more efficient, instrument was the institution of competitions between different establishments and even between different departments of the same establishments with prizes and privileges granted to the winners. Material and social privileges were granted to shock-workers and every suitable opportunity for special drives was used to spur the masses into greater effort.

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National Income[3]

The plan aimed to achieve a 78 percent increase of the national income in three years. A 31 percent increase in the first year was to be followed by increases of 18 percent and 15 percent respectively in the two succeeding years.

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In 1946-47 the national income recovered somewhat from its great drop in 1945-46 to less than 50 percent of prewar to about 65 percent of that level. The Three Year Plan was to bring it to 85 percent of prewar in the first year and 14 percent above the prewar level by 1949-50.[4]

No great change was planned in the pattern of the national income. The planned increase in agricultural production (net output) of 62 percent in three years, would still leave it somewhat below prewar (1938) level. On the other hand, the 34 percent increase in mining and metallurgy would leave it below the 1943 level although 49 percent above prewar, due to the wartime

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3. The principal figures are summarized in Table I in the Appendix. 2 1/2

4. The blueprint operated with a national income, including the rental value of dwellings and some other minor items, mostly services, and used provisional estimates for the national income of 1946-47. The report on the first year of the plan omitted the rental value of dwellings and the other small items from the national income and used final figures for 1946-47. The omitted items amounted to 4 percent of the total. The percentages given in the text were based on the blueprint, except that the national income was made to conform with the concept used in the report.

The report gave the expected rise in the first year over 1946-47 as 34 percent and the level of the national income in 1946-47 as 63 percent of prewar. Change of definition or different grouping often makes comparisons difficult if not impossible.

2 1/2 [See cat 116, p. 67 — Analyst]

185 464 According to the Final Report, a shortage of labor became apparent and in every month of 1949 about 10,000 vacancies could not be filled because of the lack of workers, especially skilled workers.

185 461 Productivity in the manufacturing industry is claimed to have increased by 40 percent in the first year, by a further 16 percent in the course of the Five Months' Drive in 1948, and another 25 percent in 1949, giving a total increase of 103 percent over the whole twenty-nine months' period. In comparison with 1938, productivity in 1946-47 was estimated to be about 59 percent. It rose to an average of 83 percent in the first year, 96 percent in the second half of 1948, and in 1949 it was claimed to have surpassed the prewar level by 20 percent.

Very few data are available concerning changes in physical output per worker. Some very careful studies have been made of productivity which, however, do not cover the whole period. According to these, net productivity in the iron and metal industry was about 80-85 percent of prewar, in engineering 70-75 percent, and in textiles 75-80 percent when the plan started. All available information points to a continued, although not uninterrupted, improvement. At the end of 1948, net productivity in the textile industry was slightly above prewar. The fluctuating figures for the first five months of 1949 showed a moderate decline. In engineering, where the 1938 level was reached toward the end of 1947, net output per hour, calculated at current prices, very nearly doubled in the period 1 January 1948 - May 1949. Calculated at constant prices the increase must have been considerably smaller.

In coal mining, output per man-shift (all workers) was 0.58 tons in August 1947. It rose to 0.82 tons in November 1948. No figures have been published since. The prewar output was 0.95 tons.[40]

The evidence presented at the Conference of Building Workers early in 1949, and the subsequent purge of their trade-union, indicated that output per man-hour must have been below prewar and improvement was much less marked than in industry.

In transport, output per worker seems to be below prewar as the increase in the number of workers was greater than the increase in the volume of traffic.

In agriculture, with no appreciable change in the working population and an output below prewar levels, productivity per worker seems to have been also below the prewar figure.

40. Output at the face was 2.26 tons, 2.43 tons and 2.83 tons respectively.

status: climbing into the administrative grade from that of the factory worker or the low clerical grade. There is a third, even more important group which enjoys a privileged position, the police force, which is very much better paid than the smaller police force of the prewar days. Apart from those privileged groups, the mass of the workers did not receive uniform treatment. The miners, however, enjoyed especially privileged treatment, while the shock workers of all trades comprised still another privileged group. To these must be added a large proportion of the new owners of subsistence farms, about half a million without dependents, who proved to be successful small farmers, and who now enjoy a higher standard of living than they did before the war. All these favoured groups add up to something like one seventh to one eighth of the gainfully employed population. The rest have to be content with what remains of the national production. When collectivization is achieved, the rise of the favoured groups will be considerably smaller.

The official claims of a great and general improvement in the standard of living appear somewhat suspicious in the light of the pronouncements themselves, which do not fail to pay tribute to the great and enduring effort and sacrifice of the people who made possible the execution of the Three Year Plan. If the general standard of living really doubled in two and a half years, surpassing the prewar standard by 37 percent in 1949, and the increase was accompanied, as asserted, by an improvement in general working conditions, enduring sacrifice would not have been necessary.

Appraisal

On the whole, the high rate of recovery characteristic of Hungary since the war was maintained under the Three Year Plan and the national income reached a level exceeding the prewar figure by about 10-20 percent. Industrial expansion in 1938-1944 provided increased potentialities and, in spite of war damage, activity in the first two postwar years provided a good start. But the achievements required very great efforts and sacrifice and were not accompanied by a similar increase in the volume of goods available for consumption.

The increase in production was more the result of the production drive than the investment program, the effects of which could not be immediately felt. In the production drive, incentives in the form of differential wage rates and social recognition were applied, together with an elaborate system of control

and strict enforcement. If ordinary incentives failed and the increase in output was not rapid enough, there was no hesitation to apply ruthless methods. It is a matter of speculation to what extent the results achieved were due to the one or to the other.

The goals set in the Three Year Plan were ambitious but were, on the whole, realistic. With few exceptions, the results claimed seemed to be consistent and do not look improbable or spurious.

The soundness of the investment program was open to more criticism on account of its overambitious size, its emphasis on heavy industry, and its neglect of agriculture, the largest single industry of the country.

Although the heavy investment program prevented the people from reaping the full benefits of their effort, there has been an improvement in the standard of living, even if much smaller than the official figures suggested. The improvement was very unevenly spread and, except for smaller groups in a privileged position, could not have been appreciable. However, considering how low the postwar standards had been, even small improvements meant much and must have been appreciated. The price of the improvement was a great restriction in choice of goods for the consumer, intensification of work and loss of liberties. Underlying principles of the Hungarian Three Year Plan show a similarity to the plans of reconstruction in the other so-called "satellite" countries and, in some ways, also to the First Five Year Plan of the Soviet Union. They all emphasize the development of heavy industry, and particularly of engineering, as the driving force of economic development even in countries which are poor in mineral wealth. They also show the same tendency to self-sufficiency and to reorientation to the Iron Curtain area. Apart from these common characteristics, there is some variation in detail corresponding to the great differences in the level of economic organization.

In carrying out the Hungarian Three Year Plan many diverse problems were encountered. First, the new administrative personnel lacked experience even in routine administration, not to mention a new and large-scale operation like the preparation and control of an overall economic plan. There were many complaints in high official quarters of inadequate preparation, overgrowth of bureaucratic control, mismanagement and lack of coordination. Second, there were difficulties due to unpredictability in agricultural production, whether due to the vagaries of the weather or to deliberate action. Third, there were difficulties due to unpredictability in foreign trade. On official

schools in various branches of engineering was increased to provide technicians in adequate number. The additional labor will have to be drawn from the laborers in small crafts, from distribution, and from agriculture. In 1948 the number of small craftsmen was around 410,000, while distribution gave employment to some 160,000 people. A 20-30 percent decrease in five years could set free some 150,000. Women in domestic service or not gainfully employed are another important source of labor and there is every indication that great efforts are being made to bring women into industry, even into heavy industry and mining. By far the most important source, however, is agriculture. There are those who could not be given land in 1945, some 150,000-200,000, and finally there is an additional surplus population which, if mechanization is pressed, could easily provide another 200,000-250,000. Normally, the natural increase of the agricultural population would add about 30,000-40,000 per year to the labor force. The expected rise in industrial employment would thus not exhaust the reserves and would not be unattainable because of lack of manpower.[16]

The productivity of industrial workers is expected to increase by 50 percent relative to 1949. It was claimed that by then a level of 20 percent above 1938 had been reached. The expected improvement would bring it to a level of 80 percent above prewar. The expected improvement in productivity - and the desired 25 percent reduction in costs of production - will be brought about by new investments resulting in the mechanization of the production process and the modernization of plants, by further reorganization of industry, increased specialization of individual plants, reduction of the number of models produced, etc. Encouragement will be given to inventions and innovations through prizes, the "socialist competition" will be broadened, and the Stakhanovite movement strengthened. Last, but not least, further refinements of the piece-rate system will compel all and sundry to produce more and open up "latent reserves."

16. The gainfully employed population in agriculture numbered 1.6 million men and 0.5 million women. (1930 census. This is the last prewar year for which complete census data are available. The detailed results of the 1941 census have not been published.) The total increase of the agricultural population from 1930 to 1941, the last prewar census, was 38,000. No postwar data are available concerning the distribution of the population by industries. The total population at the end of 1948, the date of the last census, was 9.2 million as against 9.3 million at the end of January 1941.

34 percent. Iron, metal and engineering showed a 41 percent increase. 433

Output of the principal goods is quoted on the basis of the percentage of output in the corresponding period of 1949 and the list of goods is very restricted. Output of coal was 20 percent, oil 3 percent, iron ore 16 percent greater. Output of power increased by 21 percent. The output of producer goods seems to have increased considerably more than that of consumer goods. Phosphate fertilizers, cement and tractors head the list with 132 percent, 109 percent and 91 percent increases, respectively. The production of woolen and cotton fabrics increased by 8 percent only.

The volume of building was claimed to have been as great in the month of March as in the first quarter of 1949. Private information received from Hungary substantiates the claim to high building activity. But most of the buildings seem to be government offices or factories.

It is claimed that the number of workers in mining, industry and building increased by 27,000. If the estimate of their number at the end of 1949 was correct, 440,000 in mining and industry and 130,000 in building, the increase amounts to 4 percent. Accelerated training courses had been completed by 13,400 apprentices, 5,300 of them in the iron, metal and engineering industries. It is not clear whether they were included in the figure quoted above. 464

Productivity in the heavy industries showed a slight decline against December 1949, the postwar peak, while light industry recorded a 7 percent improvement over the same period. Average hourly wages increased by 8 percent in the manufacturing industry, bringing with them a corresponding increase in real earnings as there was no change in the cost of living. Private sources report a shortage of some important foods which does not seem to be reflected in the cost-of-living index number. 461 465 433

Railway traffic is claimed to have surpassed the corresponding 1949 figures by 35 percent in ton-miles and 22 percent in passenger-miles. 497

Both the number and the turnover of state wholesale and retail stores and cooperative village stores were reported to have increased considerably. 438

Investments were 58 percent greater than in the corresponding period last year; that is, the state invested 1.2 billion forints against 0.7 billion last year. 454

The statement[1] complained about lack of discipline, both at the workshop and at managerial level, inefficient planning in the central agencies, and slackness in enforcing government directives. As a result, the high standard of living was endangering the execution of the investment program and dangerous lags were showing in fulfilling the plan. In foreign trade, during the first four months of 1950, imports increased by 56 percent over the corresponding period of 1949 while the increase in exports was only 1 percent.

Signs of strain were indeed evident despite efforts to conceal them. One of these was the cessation of publication of the only continuous series still available in the periodic statements of the Central Bank giving the note circulation, bank reserves, savings, assets, and liabilities of the current account of nationalized industry.

In Hungary the early part of the year is usually noted for higher prices as the stocks of food and supplies decline before the new crops begin to come in. This year a severe drought damaged most crops. The whole six months' period was characterized by a marked deterioration in the food situation. Important staples, like potatoes, lard, meat, milk products, vegetables which had been available in sufficient quantities since 1947-48, were in short supply. The official explanation blamed higher consumption for the shortages, but admitted also the failure of the new national enterprises responsible for the distribution and hinted at the withholding of food by a resentful peasantry. In some cases, notably that of butter, the capitalist West was blamed because it wanted food against essential machinery. Unofficial information spoke of forced food exports to Eastern Germany and stockpiling for an emergency.

Under such conditions, it seemed unlikely that the standard of living could have improved as fast as had been claimed, at any rate in the course of 1950. At the same time, the stresses and dangers must have been very real if judged by the scope and severity of the measures that were introduced to counteract them. Very great efforts were made to bring in the harvest and have it in the safekeeping of the government. It was decided to strengthen the state-controlled sector of agriculture and notably to build up a systen of state dairy farms and fattening plants around the capital to ensure safe supplies of milk and other animal products. Large-scale purges were organized in trade-unions and factories to improve discipline and increase output. Efforts were made to encourage private savings by the launching of a cooperative housing scheme followed up with much vigor.

[1] [Statement of the Chairman of the People's Economic Council, cf. Cat. 116, p. 61 — Analyst]

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

those villagers who are not the tenants or dependents of the landlord. Outside the 'big house' probably only the priest's and the schoolmaster's houses stand out a little from the rest. Even a big village may have no shop; the villagers buy what they need on their weekly visit to the local market town. There is, probably, an inn, but it is not much frequented, since each family makes its own wine. By day, during most of the year, the street is almost deserted; all the men are out in the fields, perhaps miles away. They come home in the evening, when the animals also are driven in, and for half an hour the whole place wakes up. Later, men and women sit on benches outside their doors, or in the street, under the acacias, smoking and talking. On Sunday they sit there all day, except when they are in the church.

It is a hard, monotonous life. It is monotonous even for the inhabitants of the 'big house', who are usually much poorer than they let anyone guess and often spend their lives with no bigger distraction than a little shooting or a drive over the bumpy mud roads to visit a neighbour, who is most likely also a cousin or a brother-in-law, five miles away. For the peasants, a wedding, a religious procession or a harvest festival are the great events of the year. A hard life, but not without its own charm. Few people know the Hungarian countryside. But if they do penetrate there, they will be received by landlord or by peasant, with much kindness and hospitality, and with the perfect courtesy and unfailing dignity which is equally the mark of the Hungarian gentleman and of the most ragged, barefooted Hungarian peasant.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

yard, drinking a little wine, talking and listening to the gypsy orchestra. Both food and wine were cheap (and you were not expected to drink much); time was not expensive, and a small tip to the leader of the orchestra would bring bows and compliments as though you were a duke at least, and a selection of tunes played at your table, right into your ear. For other times of the day, particularly after the mid-day meal, which in Hungary is the principal meal, there were the cafés, where, again, you might spend all the time you had to spare at no more expense than the price of a cup of coffee. All cafés kept the newspapers, and the waiter would bring you any that you wanted. The big Budapest cafés, and the main cafés in the larger provincial towns, had foreign newspapers, including English, as well as Hungarian.

THE JEWS. Until a year or two ago, almost all the shopkeepers in Hungary were Jews. The true Hungarian, the Magyar of the upper and middle classes, despised business as a career not fitting for a gentleman. If, therefore, he could not live as a landowner, he entered the public service as a civil servant or officer or schoolmaster, or perhaps went into the Church. Even the poor man who saved a little money and wanted to better his son did not try to set him up in business, but got him a job in the police, or the railways, or in some small government office. Thus the middle classes of Hungary consisted of two worlds, living side by side and mixing very little: the Magyars in the government services the Jews in business, finance and most of the professions.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

under government control, and the wages of industrial workers were raised rather more than those of others, such as government employees. The workers complained, however, that the rates were unreal as, owing to war shortage, many commodities of which the prices were nominally controlled, were actually unobtainable except on the 'black market', which was out of the working man's reach.

The Hungarian worker has certainly had a hard time during the war, especially since the German hold tightened; the more so as his sympathies were for the most part against his own government and against Germany. The English visitor, if he were able to communicate with the Hungarian workman (many of them speak some German, but few speak English) would find him a decent, self-reliant and friendly man, anxious to talk and exchange experiences and with a good deal in common with his opposite number from an English factory.

Carnival customs — Lent games

• 461 Work as well as rest have their own regular time. If some one grumbles sleepily or groans miserably when the accumulation of summer work compels him to start at two or three o'clock in the morning, he is usually consoled by the remark : — «You'll have time to sleep it off between the two Christmasses !» (i. e. between Christmas and New Year.) — If his back aches, or pains shoot through his arms or legs, his consolation is : «You'll dance it off in Carnival !» — Winter is the resting time of the people who sow and reap. There is wheat in the barn, wine in the cellar, a fattened pig in the sty ! One can live somehow ! Towards the end of the winter, little is left of all these things, the barn gets emptier, the cellar less full, and merely a few
527 remnants of the poor man's pig hang in his larder. It is lucky that the days of fasting approach : on Ash-Wednesday begins Prince Cibere's rule, with its endless sour «cibere» soups . . . But before he arrives, let us anticipate him with all the joys of Carnival, food, drink, dancing and entertainment. Ash-Wednesday and its vow of fasting is still remote, we will have plenty of time to throw ashes on our heads. It will not be too late if we wail at dawn of Ash-Wednesday the words of this song :

Oh dear, oh dear, oh dear,
To-morrow is Ash-Wednesday,
To-morrow it won't be as it is to-day !

To-day King Marrow-bone still rules, we may make free use of food and drink ! Love, like a hyacinth in a window, blooms most beautifully at the end of winter ; most of the weddings are celebrated during Carnival on

APPENDIX

pumps, and more compressors to the oil industry. 000

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The workers are tackling their increased tasks with great enthusiasm. As an example, the workers of the crude production enterprise, of the cracking installations, and of the carbon-black plant, all in Lovászi, have taken it upon themselves to eliminate unexcused absences and to increase the number of Stakhanovites by 10 percent; and the drilling workers pledged that they will save cement and lumber worth more than half a million forints. The total value of pledged savings in material at Lovászi exceeds one million forints. The workers of this enterprise challenged to work competition the workers of the Budafa oil-producing enterprise, the personnel of the Oil Exploration and Deep Drilling Company, and the workers of oil enterprises located in Zala County. They are fighting to reach the best possible position in the competition: as an example, during the first twenty days of January the workers at the Lovászi oil-producing enterprise fulfilled their plan to 104.6 percent. The competition called in the honor of Comrade Rákosi's [Mátyás Rákosi, former Vice Premier and communist dictator of Hungary] sixtieth birthday is developing with great élan among the workers of the oil industry. We are following in the footsteps of Soviet oil production and we are certain that during the Five-Year Plan we will reach even greater successes.

Vilmos Bese
Chief of the Mineral Oil Mining Section, Ministry for Mining and Energy

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Sunday morning at home.

458 gold in expensive restaurants and nightclubs. The mag-
435 nates, the landlords, the fascist army officers, allied to all kinds of traitors of the working class movement, were conspiring and organizing underground to prevent the working people from rebuilding the country for themselves, for their own prosperity.

000 But they could not turn history back. The Hungarian working class was vigilant and strong, determined and untiring. Its fist was quicker and harder! Its persistance and heroic effort was crowned with success. The three year plan of reconstruction was achieved ahead of time (1947-49), and this permitted the launching of a plan on an even larger scale, the plan to build an entirely new Hungary. The Five Year Plan is the pride of the millions of Hungarians.

[327] Ferenc Gergely, together with thousands of his fellow
461 workers, works on Csepel Island in Budapest, in the largest industrial plant of the country. He is no stakhanovite, not even a decorated worker. Only the best, the most

outstanding workers are decorated, and he is only a good worker, one of the hundreds of thousands of honest, diligent workers of average skill. Naturally he, too, is spurred by ambition; he, too, is trying to outdo the others in good work; he, too, is studying, advancing and bettering himself. 461

The first shift at the factory[1] starts work at seven in the morning. In the past Ferenc Gergely had to get up at four in the morning every single day because it took him two and a half hours to reach his place of work by streetcars, changing three or four times. Today, with the Csepel express train he reaches the factory in thirty to thirty-five minutes, which means that he can sleep two hours longer, and he saves the same amount of time on the way home. Two hours more are left for recreation, for reading, for the family. [466] 489

On the way home Ferenc Gergely often considers the

The Danube Embankment which was demolished during the war, now completely reconstructed.

[1] [i.e. the Csepel ironworks -- Analyst]

light, airy workroom, orderly and very clean. Since the liberation 90 per cent of the old machines[1] have been replaced, and instead of the obsolete, noisy machines the workers run efficient, up to date machines of a new make provided with protective devices. 466 [178]

Ferenc Gérgely and his fellow workers are almost without exception enthusiastic supporters of the movement which provides that workers working on the same machine, including the workers of the various shifts, are jointly responsible for the maintenance, cleaning and expert handling of the machine. This movement is called "the socialist protection of the machines." One can work faster and more easily on a carefully tended machine, which means that one can also earn more. The machines, the tools, the factory no longer belong to big business but to the state of the working people. The workers know this, and that is why they handle them so carefully.

Ferenc Gergely works easily and quickly. He is helped not only by the machine but by many other factors aiding and inspiring him. First of all, he always knows exactly what he has to do. The days are past when the foreman simply assigned him a case of round iron to cut in screw threads and returned half an hour later to tell him to put it aside, giving him something more urgent to do.

In the past senseless bustle and unsystematic management prevailed; now Ferenc Gergely and his fellow workers do their work according to exact plans made in advance. The workshop, the factory, all the industry, even the whole country works according to exact, systematic plans. Ferenc Gergely knows that he is producing turning lathes today and that he is to go on for another six or eight weeks or any other length of time producing turning lathes. He knows how many pieces of work he has to finish each day, each week or each month. He knows to a penny how much his earnings will be. He knows that if he can think up a clever trick, a good idea to make his own work faster and simpler he can earn more. This is not only 461

[1] [in the Csepel Ironworks -- Analyst]

461 because in this way he will produce more but also because a reward is due for every innovation, every rationalization.

466 Naturally the entire atmosphere is different from what it used to be. Selfishness, envy, quarreling, vilification of the good workers and oppression of the weaker have all been eliminated. Before the liberation Ferenc Gergely often got stuck with a difficult piece of work and did not know how to go on with it. Or he suddenly realized that he was working too slowly, that his work did not go as well as he had expected of himself or as others expected of him. He dared not consult the foreman or the engineer for fear that they would fire him as unfit. From his fellow workers he could expect nothing because those who knew what to do guarded their secrets most jealously.

Even today it sometimes occurs to him that he needs guidance or advice. But no sooner has he pronounced the words "comrades, how would you do this . . ." than they are at his side showing him, explaining to him the right way to go about it. Naturally, he does the same whenever he has an opportunity to help others. There is an atmosphere of mutual aid, of collective feeling in the workshop. They are constantly exchanging their experiences, and, if one of them finds a new way of rationalizing, simplifying work, his innovation becomes, by the next day, a common possession. And this is true not only for this workshop but for every workshop of the factory, for every factory of the country because of the close relationships existing among the factories, industries and enterprises of the land.

It often happens that the director visits the workshop during the morning. He stops at the workbenches, converses with the workers, asks for information, gives advice, controls the work. But these are no longer the formal, condenscending visits paid by the capitalist general managers to the otherwise hated and despised workers. Today the relationship between the leaders and the workers is entirely different. The director used to be a worker him-

such as state farms, machine stations, irrigation works and the like, are the property of the state and of public bodies as trustees for the whole people. All foreign and all wholesale trade is carried on by state enterprises, all other trade is under state supervision. 642* 471

Article 7.

1) The Hungarian People's Republic recognizes and guarantees the right of the working peasants to the land and regards it as its duty to assist the socialist development of agriculture by establishing state farms and machine stations and giving every support to productive co-operative societies based on voluntary association and joint work. 642* 423 474

2) The state recognizes and supports every genuine co-operative movement of the workers that is directed against exploitation.

Article 8.

1) The constitution recognizes and protects all property acquired by labour. 642* 421

2) Private property and private enterprise must not be such as to run counter to the public interest.

3) The constitution guarantees the right of inheritance.

Article 9.

1) In the Hungarian People's Republic labour is the base of the social order. 642* 461

2) Every able-bodied citizen has the right, and the duty to work to the best of his ability and is bound in honour to do so.

3) By their labour, by participation in work competitions, by tightening labour discipline and improving working methods, the workers serve the cause of socialist construction.

4) The Hungarian People's Republic strives to apply in practice the socialist principle: "From each according to his ability, to each according to his work."

SECTION THREE

The Highest Organs of State Authority.

Article 10.

1) The highest organ of state authority in the Hungarian People's Republic is Parliament. 642* 646

6: Shuster S-4 (no date) 1954 El Europe
Hungary EC1

178 cupied a position of trust or responsibility in the country prior
661 to 1945 was now impoverished and ostracized. The number of distinguished exiles was legion. Economic conditions had deteriorated so completely that even food, product of the rich plains, was lacking. Tens of thousands who could find no employment in the industries which were being created by fiat, by reason of age or of earlier religious and political affiliations, were marked for deportation. These wholesale shipments of human cattle aroused the indignation of the outside world. Lord Vansittart reported to the House of Lords that 100,000 persons had been earmarked for slave-labor camps. For a time this ghastly business was halted; but seemingly reliable information indicates that the shipments were resumed during 1952.

626 As elsewhere in the Russian orbit, the emphasis was on
461 production and organization for war. Russian military and
186 economic officials virtually took over the country. Criticism of the workers and particularly youth was everywhere part of the order of the day. Young Hungarians, the government declared again and again, had been inoculated with the diseases of pacifism and pro-Imperialism. Even the official Youth Organization, DISZ, was accused of "cosmopolitanism" and "adoration of the Anglo-American imperialist monster." On June 28, 1952, Matron Horváth, speaking for the Communist Party, reemphasized the need for continued intensive opposition to "clerical reaction." He expressed shocked surprise that some members of the Party still participated in religious functions and, indeed, permitted the Church to influence their children.

668 This would be as pertinent a note as any on which to end our account of the Hungarian tragedy were it not for the breath-taking events which have followed the death of Stalin. Years of draining away the substance of the people and of